

Message Text

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43

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DRAFTED BY NEA/IRN:BBMORTON:S

APPROVED BY NEA/IRN:CWNAAS

S/S-O:JHOGANSON

NEA:TTOMPKINS

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN IMMEDIATE

C O N F I D E N T I A L STATE 183279

EXDIS

FOLLOWING REPEAT STATE 183279 ACTION USDEL SECRETARY AIRCRAFT
AUG 4.

QUOTE: C O N F I D E N T I A L STATE 183279 TOSEC 080371

EXDIS

E.O. 11652: GDS

TAGS: EFIN, EAIR, IR

SUBJECT: PAN AMERICAN (PANAM)-IRAN NEGOTIATION

FOR THE SECRETARY FROM UNDER SECRETARY ROBINSON

1. IN MY MEETING WITH HUSHANG ANSARY IN PARIS ON AUGUST 1,
1975, I RAISED THE QUESTION OF IRAN'S POSITION REGARDING
PURCHASE OF AN INTEREST IN PANAM. HE REPORTED THAT HE WAS
CERTAIN THAT THEY WERE NO LONGER INTERESTED IN THE PROPOSED
TRANSACTION UNLESS THE USG PROVIDED PANAM WITH MAJOR
ADDITIONAL FINANCIAL ASSISTANCE. HE TELEPHONED THE SHAH
AND THUS, BY SUBSEQUENT PHONE CALL TO ME, HE WAS ABLE TO
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CONFIRM THIS DECISION AND ALSO THE FOLLOWING INFORMATION

WHICH HE HAD PROVIDED IN OUR MEETING:

A) IRAN'S FINANCIAL CONDITION HAD DETERIORATED SINCE THE INITIATION OF NEGOTIATIONS WITH PANAM, AND IRAN WAS NOW PROJECTING A MUCH LOWER FOREIGN EXCHANGE SURPLUS.

B) PANAM'S FUTURE FINANCIAL PROSPECTS APPEAR LESS FAVORABLE NOW THAN IRAN HAD ORIGINALLY ANTICIPATED.

C) GEORGE BALL OF LEHMAN'S HAD JUST VISITED IRAN AND HAD PROPOSED A REVISED APPROACH INVOLVING A REDUCED CONTRIBUTION OF APPROXIMATELY \$175 MILLION FROM IRAN (VERSUS \$350 MILLION ORIGINALLY) BUT WITHOUT WRITING OFF THE INSURANCE COMPANY DEBT WHICH WAS TO HAVE BEEN SETTLED AT ABOUT 50 PERCENT OF THE AMOUNT OUTSTANDING. IRAN REJECTED THIS IDEA ON THE BASIS THAT IT ELIMINATED ONE OF THE ESSENTIAL FEATURES OF THE ORIGINAL PROPOSAL.

D) IRAN WAS AWARE OF THE PROFIT REPORTED BY PANAM FOR THE MOST RECENT MONTH BUT WAS SKEPTICAL AS TO THE VALIDITY OF THIS REPORT--AND QUESTIONED WHETHER THIS REALLY INDICATED ANY BASIC REVERSAL OF THE ADVERSE TREND.

E) IRAN'S INTEREST COULD BE REVIVED BY A DECISION ON THE PART OF THE USG TO PROVIDE ASSISTANCE THROUGH FINANCIAL AID, ROUTE ADDITIONS, OR OTHERWISE, BUT THIS WOULD HAVE TO BE A MAJOR PROGRAM.

F) FOR THE REASONS OUTLINED ABOVE, IRAN WILL REQUEST AMBASSADOR ZAHEDI TO INFORM PANAM AND THE USG OF THEIR NEGATIVE DECISION. I GAINED THE IMPRESSION THAT THIS WOULD BE FORTHCOMING WITHIN THE NEXT FEW DAYS.

2. IT IS CONCEIVABLE THAT IRAN WAS APPRISING ME OF THIS AS A TACTICAL PLOY, BUT I DOUBT IT. IN THAT IT IS HIGHLY UNLIKELY THAT THE USG WILL COME FORWARD WITH A MAJOR PROGRAM TO ALLEVIATE PANAM'S SERIOUS FINANCIAL DIFFICULTIES, THE IRANIAN ACTION, IF TAKEN, WILL MEAN THAT PANAM WILL HAVE TO FIND SOME OTHER SOLUTION TO ITS PROBLEMS. INGERSOLL UNQUOTE KISSINGER
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